GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

STARRED QUESTION NO:284
ANSWERED ON:03.09.2007
REMUNERATIVE PRICE FOR AGRICULTURAL PRODUCES
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Will the Minister of AGRICULTURE be pleased to state:

(a) the policies and measures adopted by the Government for ensuring remunerative prices for agricultural produces alongwith the results achieved therefrom;

(b) the comparative figures of import price, procurement price with bonus and selling price of wheat during the last three years and thereafter;

(c) whether the procurement price and bonus paid for procurement of wheat is being reviewed to provide remunerative price to farmers and to ensure adequate procurement;

(d) if so, the details thereof;

(e) whether payment of bonus for other agricultural produces is also being considered;

(f) if so, the details thereof and progress made therein so far?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF AGRICULTURE (SHRI SHARAD PAWAR)

(a) to (f): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA STARRED QUESTION NO. 284 DUE FOR REPLY ON 3RD SEPTEMBER, 2007.

(a): The Government announces Minimum Support Prices (MSP) for specified agricultural produces on the basis of recommendations of the Commission for Agricultural Costs and Prices (CACP), the views of the State Governments and Central Ministries as well as such other factors considered important for fixation of support prices. The CACP, while formulating its recommendations on price policy considers important factors like cost of production, changes in input prices, productivity of different crops across States, demand-supply situation, domestic and international price trends, terms of trade between agriculture and non-agriculture sectors, need for crop diversification, resource use efficiency and food security.

The objective of the MSP mechanism is to provide a guarantee to the farmers to realize a reasonable and remunerative price for their produce. When the market prices tend to fall below the MSP, the designated agencies purchase the produce at the MSP. All the foodgrains conforming to the prescribed specifications offered for sale are bought by the public procurement agencies. However, if the market price is more than the MSP fixed by the Government, farmers are free to realize a higher price by selling their produce in the market.

(b) to (f): There was no import of wheat on Government account during 2005-06. To meet the requirement of wheat for the Public Distribution System (PDS) and other welfare schemes as well as to maintain buffer stock during 2006-07, 54.54 lakh tonnes of wheat was imported at a weighted average price of US $ 204.66 per Metric Tonne (MT). As Government is committed to ensure food security, decision has been taken to import another 50 lakh tonnes during 2007-08. Already orders have been placed for importing 5.11 lakh MT of wheat at a weighted average price of US $ 325.59 per MT.

For 2006-07, for wheat, a bonus of Rs.50 per quintal was given over and above the MSP of Rs.650 per quintal. The MSP was further raised to Rs.750 per quintal for 2007-08 and a bonus of Rs.100 per quintal was also given over and above the MSP.

There is no proposal to review the procurement price and bonus paid for procurement of wheat during Rabi Marketing Season (RMS) 2007-08. A bonus of Rs.40 per quintal over the MSP for 2007-08 was announced for procurement of kharif pulses such as arhar, moong and urad.